

SOUTHERN UNIVERSITY SYSTEM**Single Audit Report
for the Year Ended June 30, 2012
and Supplemental Information**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAR 13 2013**

SOUTHERN UNIVERSITY SYSTEM

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Certified Public Accountants & Consultants

**INDEPENDENT AUDITORS' REPORT
ON THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Supervisors of
Southern University System
Baton Rouge, Louisiana

We have audited the accompanying Schedules of Expenditures of Federal Awards of the Southern University System (the University) for the year ended June 30, 2012. The Schedules of Expenditures of Federal Awards are the responsibility of the University's management. Our responsibility is to express an opinion on the Schedules of Expenditures of Federal Awards based on our audit. The accompanying Schedules of Expenditures of Federal Awards are not a part of the University's component unit financial statements for the year ended June 30, 2012. The component unit financial statements were audited by the State of Louisiana's Legislative Auditor whose report has not been issued as of this report issuance date.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133. Those standards and the provisions of OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules of Expenditures of Federal Awards are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Expenditures of Federal Awards. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedules of Expenditures of Federal Awards referred to above present fairly, in all material respects, the expenditures of federal awards for the year ended June 30, 2012 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 2012 on our consideration of the Southern University System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

4330 Dumaine Street
New Orleans, LA 70119
(504) 833-2436 (O) • (504) 484-0807 (F)

200-B Greenleaves Blvd
Mandeville, LA 70448
(985) 626-8299 (O) • (985) 626-9767 (F)

900 Village Lane
P.O. Box 50, Pass Christian, MS 39571
(985) 626-8299 (O) • (985) 626-9767 (F)

Limited Liability Company
www.silva-cpa.com

Our audit was conducted for the purpose of forming an opinion on the basic Schedules of Expenditures of Federal Awards of the Southern University System taken as a whole. The schedules of federally assisted loans, fixed price contracts, and non-state sub-recipients of major federal programs are included in this report is presented for purposes of additional analysis, and are not a required part of the Schedules of Expenditures of Federal Awards. Such information has been subjected to the auditing procedures applied in the audit of the Schedules of Expenditures of Federal Awards and, in our opinion, are fairly stated, in all material respects, in relation to the Schedules of Expenditures of Federal Awards taken as a whole.

Silva Gurtner & Almey, LLC

December 7, 2012

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS – SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal Grantor/Program Name | Federal CFDA or Other Number | Pass Through Entity's Number | Activity |
|---|------------------------------------|---------------------------------|----------|
| U S Department of Agriculture | | | |
| <u>Direct Awards</u> | | | |
| Federal-State Marketing Improvement Program | 10 156 | N/A | \$ 3,000 |
| 1890 Institution Capacity Building Grants | 10 216 | N/A | 486,884 |
| Forest Products Lab Technology Marketing Unit (TMU) | 10 674 | N/A | 16,788 |
| Urban and Community Forestry Program | 10 675 | N/A | (1,913) |
| Agricultural Statistics Reports | 10 950 | N/A | 4,869 |
| <u>Research and Development Cluster</u> | | | |
| Grants for Agricultural Research Competitive Research | 10 206 | N/A | 12,925 |
| 1890 Institution Capacity Building Grants | 10 216 | N/A | 29,460 |
| International Science and Education Grants | 10 305 | N/A | 15,719 |
| Forestry Research | 10 652 | N/A | 1,343 |
| Agriculture and Food Research Initiative | 10 310 | N/A | 350,456 |
| Total U S Department of Agriculture | | | 919,531 |
| U S Department of Defense | | | |
| <u>Research and Development Cluster</u> | | | |
| Planning Assistance to States | 12 110 | N/A | 166,379 |
| Basic and Applied Scientific Research | 12 300 | N/A | 86,324 |
| Basic and Applied Scientific Research | 12 431 | N/A | 40,661 |
| Basic, Applied, and Advanced Research in Science and Engineering | 12 630 | N/A | 50,467 |
| Air Force Defense Research Sciences Program | 12 800 | N/A | 107,022 |
| <u>Awards from a Pass-Through Entity</u> | | | |
| <u>Pass-Through Shaw Environmental and Infrastructure, Inc</u> | | | |
| Mathematical Sciences Grants Program | 12 901 | N/A | 1,327 |
| SHAW LAAP | 12 Unknown | P0#590813 | 7,585 |

(Continued)

See the accompanying independent auditors' report and notes to the schedules of expenditures of federal awards

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS – SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal Grantor/Program Name | Federal CFDA or Other Number | Pass Through Entity's Number | Activity |
|--|---|---|------------------|
| <u>Pass-Through: Tetra Tech, Inc.</u> | | | |
| Basic and Applied Scientific Research | 12 300 | 1020877, 1036773 | \$ 129,634 |
| Basic, Applied, and Advanced Research in Science and Engineering | 12 630 | 1036773 TASK 4 | 31,772 |
| <u>Pass-Through Institute for International Education</u> | | | |
| ROTC Language and Culture Training Grants | 12 357 | HQ00340820024 | 20,517 |
| <u>Pass-Through North Carolina A & T University</u> | | | |
| Basic Scientific Research | 12 431 | W911NF-09-1-0269 | 68,207 |
| <u>Pass-Through CH2MHill, Inc</u> | | | |
| Basic, Applied, and Advanced Research in Science and Engineering | 12 630 | PO 909752/ 923644 | 141,028 |
| <u>Pass-Through Clarkson Aerospace Corp</u> | | | |
| Air Force Defense Research Sciences Program | 12 800 | SUSE06S56707C1/SU O8S5670010, SUSE08S56700, SU08S5670011, FA95500910367 | 189,326 |
| <u>Pass-Through EMAssist Inc</u> | | | |
| US Army Mentor Protege Program | 12 Unknown | SBR-C0114-01 | 26,371 |
| Total U.S. Department of Defense | | | 1,066,620 |
| U S Department of Housing and Urban Development | | | |
| <u>Direct Awards</u> | | | |
| Historically Black Colleges and Universities Program | 14 520 | N/A | 250,907 |
| Total U S Department of Housing and Urban Development | | | 250,907 |
| U S Department of Justice | | | |
| <u>Direct Awards</u> | | | |
| Violence Against Women Act Court Training and Improvement Grants | 16 013 | N/A | 17,214 |
| Total U S. Department of Justice | | | 17,214 |

(Continued)

See the accompanying independent auditors' report and notes to the schedules of expenditures of federal awards

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS – SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal Grantor/Program Name | Federal CFDA or Other Number | Pass Through Entity's Number | Activity |
|---|---|---|-----------------|
| U S Department of State Bureau of Educational and Cultural Affairs | | | |
| <u>Direct Awards</u> | | | |
| Professional and Cultural Exchange Programs - Citizen Exchanges | 19 415 | N/A | \$ 1,250 |
| Total U S Department of State Bureau of Educational and Cultural Affairs | | | 1,250 |
| U S Department of Transportation | | | |
| <u>Direct Awards</u> | | | |
| Highway Training and Education | 20 215 | N/A | 6,767 |
| Total U S Department of State Bureau of Educational and Cultural Affairs | | | 6,767 |
| National Aeronautics and Space Administration | | | |
| <u>Direct Awards</u> | | | |
| Science | 43 001 | N/A | 16,916 |
| Education | 43 008 | N/A | 26,932 |
| <u>Awards From a Pass-Through Entity</u> | | | |
| <u>Pass-Through - Jacobs Technology Inc</u> | | | |
| | | HBCU-BOA-00 TASK ORDER | |
| Science | 43 001 | 001MAF,12,13,14 | 600,578 |
| <u>Pass-Through - United Negro College Fund</u> | | | |
| Aeronautics | 43 002 | NNX09AV17A | 37,430 |
| Total National Aeronautics and Space Administration | | | 681,856 |
| U S National Science Foundation | | | |
| <u>Direct Awards</u> | | | |
| Mathematical and Physical Sciences | 47 049 | N/A | 371,158 |
| Computer and Information Science and Engineering | 47 070 | N/A | 24,798 |
| Education and Human Resources | 47 076 | N/A | 1,045,685 |
| International Science and Engineering | 47 079 | N/A | (7,414) |

(Continued)

See the accompanying independent auditors' report and notes to the schedules of expenditures of federal awards

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS – SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal Grantor/Program Name | Federal CFDA or Other Number | Pass Through Entity's Number | Activity |
|---|---|---|-----------------|
| <u>Research and Development Cluster</u> | | | |
| Engineering Grants | 47 041 | N/A | 91,388 |
| Mathematical and Physical Sciences | 47 049 | N/A | 171,616 |
| ARRA-Computer and Information Science and Engineering | 47 070 | N/A | 900,049 |
| Education and Human Resources | 47 076 | N/A | 1,597,565 |
| International Science and Engineering | 47 079 | N/A | 11,224 |
| ARRA-Trans-NSF Recovery Act Research Support | 47 082 | N/A | 12,700 |
| <u>Awards from a Pass-Through Entity</u> | | | |
| <u>Pass-Through California Institute of Technology</u> | | | |
| Mathematical and Physical Sciences | 47 049 | CHE-0802907 | 43,631 |
| <u>Pass-Through Research Foundation of CUNY - Hunter College</u> | | | |
| Education and Human Resources | 47 076 | 400750001A | 112,049 |
| <u>Pass-Through University of Wisconsin-Madison</u> | | | |
| Polar Programs | 47 078 | G067933 | 75,872 |
| Total U.S. National Science Foundation | | | 4,450,321 |
| Environmental Protection Agency | | | |
| <u>Direct Awards</u> | | | |
| Environmental Protection Agency - Black & Veatch | 66 Unknown | N/A | 23,091 |
| Total Environmental Protection Agency | | | 23,091 |
| Nuclear Regulatory Commission | | | |
| <u>Direct Awards</u> | | | |
| U S Nuclear Regulatory Commission Minority Serving Institutions Program | 77 007 | N/A | 65,422 |
| Total Nuclear Regulatory Commission | | | 65,422 |
| | | | (Continued) |

See the accompanying independent auditors' report and notes to the schedules of expenditures of federal awards

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS – SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal Grantor/Program Name | Federal CFDA or Other Number | Pass Through Entity's Number | Activity |
|---|---|---|-----------------|
| U S Department of Energy | | | |
| <u>Research and Development Cluster</u> | | | |
| Office of Science Financial Assistance Program | 81 049 | DE-FG02-94EW11427 DE-FE0003693/ | \$ (5,472) |
| Fossil Energy Research and Development | 81 089 | DE-FE0007220 | 96,745 |
| National Nuclear Security Administration (NNSA) Minority Serving Institutions Program | 81 123 | DE-NA0000724 | 267,423 |
| <u>Awards from a Pass-Through Entity</u> | | | |
| <u>Pass-Through Thurgood Marshall College Fund</u> | | | |
| Office of Science Financial Assistance Program | 81 049 | N/A | 4,975 |
| Office of Science Financial Assistance Program | 81 137 | N/A | 91,809 |
| <u>Pass-Through UT Battelle, LLC Oakridge National Lab</u> | | | |
| Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance | 81 117 | 6400010918 | <u>11,129</u> |
| Total U S Department of Energy | | | 466,609 |
| U S Department of Education | | | |
| <u>Direct Awards</u> | | | |
| Higher Education - Institutional Aid | 84 031 | N/A | 8,177,030 |
| Rehabilitation Long -Term Training | 84 129 | N/A | 467,039 |
| National Institute on Disability and Rehabilitation Research | 84 133 | N/A | (6,741) |
| Capacity Bldg for Traditionally Underserved Populations | 84 315 | N/A | 278,269 |
| State Student Incentives Grants | 84 069 | N/A | 35,745 |
| <u>Student Financial Assistance Cluster</u> | | | |
| Federal Supplementary Educational Opportunity Grants | 84 007 | N/A | 775,906 |
| Federal Work Study Program | 84 033 | N/A | 748,862 |
| Federal Pell Grant Program | 84 063 | N/A | 20,440,001 |
| Academic Competitiveness Grants | 84 375 | N/A | (1,028) |
| National Science and Mathematics Access to Retain Talent (SMART) Grants | 84 376 | N/A | 671 |
| Teacher Education Assistance for College and Higher Education Grants (TEACH) Grants | 84 379 | N/A | 11,360 |
| | | | (Continued) |

See the accompanying independent auditors' report and notes to the schedules of expenditures of federal awards

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS – SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal Grantor/Program Name | Federal CFDA or Other Number | Pass Through Entity's Number | Activity |
|---|---|---|------------------------------|
| <u>TRIO Cluster</u> | | | |
| TRIO - Talent Search | 84 044 | N/A | \$ 499,310 |
| TRIO - Upward Bound | 84 047 | N/A | 949,186 |
| TRIO - McNair Post Baccalaureate Achievement | 84 217 | N/A | <u>193,904</u> |
| Total U S Department of Education | | | 32,569,514 |
| U S Department of Health and Human Services | | | |
| <u>Direct Awards</u> | | | |
| Healthy Marriage Promotion And Responsible Fatherhood Grants | 93 086 | N/A | 44,220 |
| Advanced Nursing Education Traineeship | 93 358 | N/A | 49,182 |
| <u>Student Financial Assistance Cluster</u> | | | |
| Scholarships for Health Professions Students from Disadvantaged Backgrounds | 93 925 | N/A | 36,764 |
| <u>Awards from a Pass-Through Entity</u> | | | |
| <u>Pass-Through American Society for Cell Biology</u> | | | |
| Human Genome Research | 93 172 | 327887 | 2,721 |
| <u>Pass-Through EMAssist, Inc.</u> | | | |
| National Center for Research Resources | 93 389 | SBR-DT1259-01 | <u>15,644</u> |
| Total U.S. Department of Health and Human Services | | | 148,531 |
| Total Expenditures of Federal Awards Excluding Loans | | | <u>\$ 40,667,633</u> |
| <u>Student Financial Assistance Cluster</u> | | | |
| Federal Direct Student Loans | 84 268 | N/A | 73,493,661 |
| Total Expenditures of Federal Awards Including Loans | | | <u>\$ 114,161,294</u> |
| | | | (Concluded) |

See the accompanying independent auditors' report and notes to the schedules of expenditures of federal awards

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS – SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal Grantor/Program Name | Federal CFDA or Other Number | Pass Through Entity's Number | Activity |
|---|------------------------------------|---------------------------------|-------------------|
| U S Department of Defense | | | |
| <u>Direct Awards</u> | | | |
| <u>Research and Development Cluster</u> | | | |
| Military Medical Research and Development | 12 420 | N/A | <u>\$ 123 496</u> |
| Total U S Department of Defense | | | 123,496 |
| U S Department of Housing and Urban Development | | | |
| <u>Direct Awards</u> | | | |
| Historically Black Colleges and Universities Program | 14 520 | N/A | 194,816 |
| <u>Awards from a Pass-Through Entity</u> | | | |
| <u>Passed-Through Housing Authority of New Orleans</u> | | | |
| Demolition and Revitalization of Severely Distressed Public Housing | 14 866 | LA-48-URD-001-1107 | <u>45,168</u> |
| Total U S Department of Housing and Urban Development | | | 239,984 |
| U S National Science Foundation | | | |
| <u>Direct Awards</u> | | | |
| Biological Sciences | 47 074 | N/A | 103,520 |
| Education and Human Resources | 47 076 | N/A | 493,142 |
| <u>Awards from a Pass-Through Entity</u> | | | |
| <u>Passed-Through Tulane University</u> | | | |
| Education and Human Resources | 47 076 | TUL-144-02/03 | <u>5 304</u> |
| Total U S National Science Foundation | | | 601 966 |

(Continued)

See the accompanying independent auditors' report and notes to the schedules of expenditures of federal awards

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS – SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal Grantor/Program Name | Federal CFDA or Other Number | Pass Through Entity's Number | Activity |
|--|------------------------------------|---------------------------------|----------------------|
| U S Department of Education | | | |
| <u>Direct Awards</u> | | | |
| Higher Education - Institutional Aid | 84 031B | N/A | \$ 4,701,776 |
| <u>Student Financial Assistance Cluster</u> | | | |
| Federal Supplemental Educational Opportunity Grants | 84 007 | N/A | 102,099 |
| Federal Work-Study Program | 84 033 | N/A | 192,361 |
| Federal Pell Grant Program | 84 063 | N/A | 9,711,936 |
| Teacher Education Assistance for College and Higher Education Grants | 84 379 | N/A | 50,309 |
| <u>TRIO Cluster</u> | | | |
| TRIO - Student Support Services | 84 042 | N/A | 469,325 |
| TRIO - Talent Search | 84 044 | N/A | 307,398 |
| TRIO - Upward Bound | 84 047A | N/A | 321,979 |
| Total U S Department of Education | | | 15,857,183 |
| U S Department of Health and Human Services | | | |
| <u>Awards from a Pass-Through Entity</u> | | | |
| <u>Passed-Through Morehouse School of Medicine</u> | | | |
| Substance Abuse and Mental Health Services | 93 243 | BH3-020447SUNO | 3,474 |
| Total U S Department of Health and Human Services | | | 3,474 |
| Total Expenditures of Federal Awards Excluding Loans | | | \$ 16,826,103 |
| <u>Student Financial Assistance Cluster</u> | | | |
| Federal Direct Student Loans | 84 268 | N/A | 25,158,429 |
| Total Expenditures of Federal Awards Including Loans | | | \$ 41,984,532 |
| (Concluded) | | | |

See the accompanying independent auditors' report and notes to the schedules of expenditures of federal awards

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT-BOSSIER CITY CAMPUS – SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal Grantor/Program Name | Federal CFDA or Other Number | Pass Through Entity's Number | Activity |
|---|---|---|-------------------|
| <u>U S Department of Housing and Urban Development</u> | | | |
| <u>Direct Awards</u> | | | |
| Historically Black Colleges and Universities Program | 14 520 | N/A | <u>\$ 438,251</u> |
| Total U S Department of Housing and Urban Development | | | 438,251 |
| <u>U S Department of Labor</u> | | | |
| <u>Direct Awards</u> | | | |
| Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors | 17 275 | N/A | <u>827,610</u> |
| Total U S Department of Labor | | | 827,610 |
| <u>U S National Science Foundation</u> | | | |
| <u>Direct Awards</u> | | | |
| Education and Human Resources | 47 076 | N/A | <u>505,327</u> |
| Total U S National Science Foundation | | | 505,327 |
| <u>U S Small Business Administration</u> | | | |
| <u>Direct Awards</u> | | | |
| Small Business Earmark Grant | 59 Unknown | N/A | <u>38,207</u> |
| Total U S Small Business Administration | | | 38,207 |
| <u>U S Environmental Protection Agency</u> | | | |
| <u>Direct Awards</u> | | | |
| Brownfield Job Training Cooperative Agreements | 66 815 | N/A | <u>58,103</u> |
| Total U S Environmental Protection Agency | | | 58,103 |
| <u>U S Department of Education</u> | | | |
| <u>Direct Awards</u> | | | |
| Higher Education - Institutional Aid | 84 031 | N/A | 4,015,809 |
| | | | (Continued) |

See the accompanying independent auditors' report and notes to the schedules of expenditures of federal awards

**SOUTHERN UNIVERSITY SYSTEM
SHREVEPORT-BOSSIER CITY CAMPUS – SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal Grantor/Program Name | Federal CFDA or Other Number | Pass Through Entity's Number | Activity |
|---|---|---|----------------------|
| <u>Student Financial Assistance Cluster</u> | | | |
| Federal Supplemental Educational Opportunity Grants | 84 007 | N/A | \$ 99,622 |
| Federal Work-Study Program | 84 033 | N/A | 283,100 |
| Federal Pell Grant Program | 84 063 | N/A | 9,569,772 |
| <u>TRIO Cluster</u> | | | |
| TRIO - Student Support Services | 84 042 | N/A | 323,542 |
| TRIO - Talent Search | 84 044 | N/A | 423,340 |
| TRIO - Upward Bound | 84 047 | N/A | 1,061,061 |
| TRIO - Educational Opportunity Centers | 84 066 | N/A | 245,300 |
| Total U S Department of Education | | | 16,021,546 |
| U S Department of Health and Human Services | | | |
| <u>Direct Awards</u> | | | |
| <u>Research and Development Cluster</u> | | | |
| Minority Health and Health Disparities Research | 93 307 | N/A | 76,965 |
| Assets for Independence Demonstration Program | 93 602 | N/A | 879 |
| Child Health and Human Development Extramural Research | 93 865 | N/A | 54,555 |
| <u>Pass-Through Entity Awards Morehouse School of Medicine</u> | | | |
| Substance Abuse and Mental Health Services _ Projects of Regional and National Significance | 93 243 | BH3-020447SUSLA | 8,083 |
| Total U S Department of Health and Human Services | | | 140,482 |
| Total Expenditures of Federal Awards Excluding Loans | | | \$ 18,029,526 |
| <u>Student Financial Assistance Cluster</u> | | | |
| Federal Perkins Loans | 84 038 | N/A | 330,661 |
| Federal Direct Student Loans | 84 268 | N/A | 9,670,154 |
| Total Expenditures of Federal Awards Including Loans | | | \$ 28,030,341 |

(Concluded)

See the accompanying independent auditors' report and notes to the schedules of expenditures of federal awards

**SOUTHERN UNIVERSITY SYSTEM
LAW CENTER – SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal Grantor/Program Name | Federal CFDA or Other Number | Pass Through Entity's Number | Activity |
|--|---|---|----------------------------|
| U S Department of Agriculture | | | |
| <u>Direct Awards</u> | | | |
| State Mediation Grants | 10 435 | N/A | <u>\$ 96,553</u> |
| Total U S Department of Agriculture | | | <u>96,553</u> |
| Internal Revenue Service | | | |
| <u>Direct Awards</u> | | | |
| Low Income Taxpayer Clinic | 21 008 | N/A | <u>40 244</u> |
| Total U S National Science Foundation | | | <u>40,244</u> |
| U S Department of Education | | | |
| <u>Direct Awards</u> | | | |
| Higher Education - Institutional Aid | 84 031B | N/A | <u>3,229,690</u> |
| Total U S Department of Education | | | <u>3 229,690</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 3,366,487</u></u> |

See the accompanying independent auditors' report and notes to the schedules of expenditures of federal awards

**SOUTHERN UNIVERSITY SYSTEM
AGRICULTURAL RESEARCH AND EXTENSION CENTER –
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal Grantor/Program Name | Federal CFDA or Other Number | Pass Through Entity's Number | Activity |
|---|---|---|------------------|
| U S Department of Agriculture | | | |
| <u>Direct Awards</u> | | | |
| Cooperative State Research, Education, and Extension Service | 10 206 | N/A | \$ 149,409 |
| 1890 Institution Capacity Building Grants | 10 216 | N/A | 143,480 |
| Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers | 10 443 | N/A | 396,320 |
| Cooperative Extension Service | 10 500 | N/A | 61,990 |
| Temporary Assistance for Needy Families | 93 558 | N/A | 100,079 |
| <u>Research and Development Cluster</u> | | | |
| Cooperative Forestry Research | 10 202 | N/A | 51,742 |
| Payments to 1890 Land-Grant Colleges and Tuskegee University | 10 205 | N/A | 9,737 |
| 1890 Institution Capacity Building Grants | 10 216 | N/A | 541,439 |
| Agriculture and Food Research Initiative | 10 310 | N/A | 411,556 |
| 1890 Institution Capacity Building Grants | 10 614 | N/A | 35,359 |
| <u>Awards from a Pass-Through Entity</u> | | | |
| <u>Pass-Through Purdue University</u> | | | |
| Cooperative Extension Service | 10 500 | 2010-48869-20781/ 58977/26-6365-0001-350 | 224,113 |
| <u>Pass-Through University of Georgia</u> | | | |
| Cooperative Extension Service | 10 500 | 2010-51300-21760/ RE675- 116/4892406 | 13,239 |
| Total U S Department of Agriculture | | | 2,138,463 |

(Continued)

See the accompanying independent auditors' report and notes to the schedules of expenditures of federal awards

**SOUTHERN UNIVERSITY SYSTEM
AGRICULTURAL RESEARCH AND EXTENSION CENTER –
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal Grantor/Program Name | Federal CFDA or Other Number | Pass Through Entity's Number | Activity |
|--|------------------------------------|---------------------------------|--------------|
| U S Department of Justice | | | |
| Awards from a Pass-Through Entity | | | |
| Passed-Through. 4-H National | | | |
| Juvenile Mentoring Program | 16 726 | 2010-OJJDP-MNTR-17 | \$ 90,157 |
| Total U S. Department of Health and Human Services | | | 90,157 |
| Total Expenditures of Federal Awards | | | \$ 2,228,620 |
| (Concluded) | | | |

See the accompanying independent auditors' report and notes to the schedules of expenditures of federal awards

**SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the University – The Southern University System (the University), is a publicly supported institution of higher education. The University is a political subdivision of the State of Louisiana, as defined by Government Accounting Standards Board Statement No. 14 within the Executive Branch of government, under the management and supervision of the Southern University Board of Supervisors. However, the annual budget of the University and proposed changes to the degree programs, departments of instruction, etcetera, require the approval of the Board of Regents. The Board of Supervisors is comprised of 16 members appointed for a six-year term by the Governor of the State with the consent of the Senate. The sixteen-member board consists of two members from each of the State's Congressional Districts, one member from the State at large, and one student member. The student member, who serves a one-year term, is elected annually from the current presidents of the student body. As a state agency, the University's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

The Southern University System is comprised of six separate agencies. These agencies are:

- 1 Board and System Administration
- 2 Baton Rouge Campus
- 3 New Orleans Campus
- 4 Shreveport-Bossier City Campus
- 5 Law Center
- 6 Agricultural Research and Extension Center

Presentation – The accompanying Schedules of Expenditures of Federal Awards (the Schedules) present the activity of all federal financial assistance programs administered by the Southern University System in the format set in forth in the Office of Management and Budget (OMB) Circular A-133 and the related compliance supplement. All expenditures of federal awards received directly from federal agencies and pass-through entities are included in the Schedules. Because the Schedules present only a selected portion of the activities of the System, it is not intended to and does not present either the financial position, changes in fund balances, or the current funds revenues, expenditures, or other changes of the University.

Annually, the State of Louisiana issues a Schedule of Expenditures of Federal Awards, which includes the activity contained in the accompanying Schedules of Expenditures of Federal Awards.

All federal grant expenditures, except Cooperative Extension (CFDA No. 10 500) and payments to 1890 Land Grant Colleges and Tuskegee University (CFDA No. 10 205), are accounted for in the current funds – restricted of the respective agency of the University. Grant expenditures relative to the CFDA Nos. 10 205 and 10 500 are accounted for in the current funds – unrestricted for the Baton Rouge Campus.

The purpose of the Schedule of Expenditures of Federal Awards is to present a summary of those activities of the Southern University System for the year ended June 30, 2012, which have been financed principally by the U.S. Government (federal awards). For purposes of the Schedules, federal awards include all federal assistance and procurement relationships entered into directly between the University and the federal government and sub-awards from non-federal organizations made under federally sponsored agreements.

SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012

Basis of Accounting – The accompanying Schedules of Expenditures of Federal Awards are presented using the modified accrual basis of accounting which is described in the notes to the University's component unit financial statements which are audited by the Louisiana Legislative Auditor

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The preparation of the schedules of expenditures of federal awards and the supplementary information is required to be prepared based on the instructions provided by the Office of Statewide Reporting and Accounting Policy.

NOTE B – PROGRAM ACTIVITY, ORGANIZATION, AND FINANCING (PERKINS LOANS)

The Perkins Loan Program, formerly the National Direct Student Loan Program, is operated by the University under an agreement with the U.S. Department of Education. Each campus within the University maintains its own separate loan fund. The accounts of each Perkins Loan are included among the loan funds for each campus within the University.

The Shreveport-Bossier City campus is the only campus still participating in the Perkins Loan Program but did not disburse any Perkins loans to students during the year ended June 30, 2012. Additionally, the campuses did not receive any federal capital contributions during the year ended June 30, 2012.

Listed below is a brief summary of the loan activity as taken from the unaudited records for the campus:

Shreveport-Bossier Campus

| | Inception to June 30, 2012 <u>(Unaudited)</u> | For the Year Ended <u>June 30, 2012</u> |
|------------------------------|---|---|
| Contributions | | |
| Federal | \$ 941,904 | \$ - |
| University | <u>104,656</u> | <u>-</u> |
| Total | <u>\$ 1,046,560</u> | <u>\$ -</u> |
| Repayments of Fund Capital | | |
| Federal | \$ 417,278 | \$ - |
| University | <u>44,564</u> | <u>-</u> |
| Total | <u>\$ 461,842</u> | <u>\$ -</u> |
| Analysis of Loans Receivable | | |
| Balance as of July 1, 2011 | | \$ 440,881 |
| Less: Collection | | <u>3,444</u> |
| Balance as of June 30, 2012 | | <u>\$ 437,437</u> |

**SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012**

NOTE C – PELL GRANT PROGRAM

The Pell Grant Program provides eligible students with a foundation of financial aid to help defray the costs of post-secondary education. The University receives direct payment from the U S Department of Education for allowable administrative costs. During the year ended June 30, 2012, each campus disbursed the following allowable administrative costs related to Pell Grants from the U S Department of Education:

| | | |
|-------------------------|----|--------|
| Baton Rouge | \$ | 22,180 |
| New Orleans | | 11,820 |
| Shreveport-Bossier City | | 12,340 |

NOTE D – FEDERAL DIRECT STUDENT LOAN PROGRAM AND FEDERAL FAMILY EDUCATION LOAN PROGRAM

The Student Loan Programs enable eligible students to borrow directly from a bank or other lending institutions, and a portion of the loan is guaranteed by the U S Federal Government. The loan activity is not required to be recorded in the accounting records of the University.

NOTE E – COLLEGE WORK-STUDY PROGRAM

The University established the College Work-Study (CWS) Program pursuant to Title IV, Part C of the Higher Education Act of 1965, as amended. During the year ended June 30, 2012, each campus disbursed the following allowable administrative costs related to the CWS Program:

| | | |
|-------------------------|----|--------|
| Baton Rouge | \$ | 35,660 |
| New Orleans | | 10,300 |
| Shreveport-Bossier City | | 13,481 |

The Baton Rouge, New Orleans and Shreveport-Bossier City Campuses elected and received approval from the U S Department of Education to waive the institutional matching requirement for the College Work-Study Program's approved funding level for the fiscal year ended June 30, 2012. Each campus was entitled to this waiver because of its participation in the Strengthening Historically Black Colleges Title III Program.

NOTE F – FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

The Federal Supplemental Educational Opportunity Grants (FSEOG) Program was established at the University in 1965 under Title IV, Part A of the Higher Education Act of 1965, as amended. During the year ended June 30, 2012, each campus disbursed the following allowable administrative costs related to the FSEOG Program:

| | | |
|-------------------------|----|--------|
| Baton Rouge | \$ | 36,931 |
| New Orleans | | 5,179 |
| Shreveport-Bossier City | | 4,744 |

**SOUTHERN UNIVERSITY SYSTEM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012**

NOTE G – STATE EXPENDITURES - PREVENTIVE MAINTENANCE

As provided by Louisiana Revised Statute 17:3, the University adopted a building and facility preventive maintenance program which was approved by the Louisiana Board of Regents. This program allows the University to retain any funds appropriated or allocated, which were unexpended and unobligated at the end of the fiscal year.

NOTE H – AGENCY FUNDS

Agency funds represent funds for which the University acts as custodian or fiscal agent on behalf of others, such as student or faculty organizations and workshops.

NOTE I – MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Southern University System's major federal financial assistance programs for the year ended June 30, 2012 were determined at the entity level based on current year expenditures. Such programs are the Student Financial Assistance Cluster and the Research and Development Cluster.

NOTE J – SUPPLEMENTAL FINANCIAL INFORMATION

The Schedule of Disclosures for Federally Assisted Loans summarizes the amount of loans made or disbursed during the year for the Federal Family Education Loan.

The Schedule of Fixed Price Contracts summarizes the total amount of revenues received and expenses disbursed under fixed-price contracts.

The Schedule of Non-State Sub-Recipients of Major Federal Programs represents disbursements of major program funds to non-State of Louisiana sub-recipients.

NOTE K – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 7, 2012, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTAL INFORMATION

**SOUTHERN UNIVERSITY SYSTEM
SCHEDULE OF FEDERALLY ASSISTED LOANS
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal Grantor/ Program Name | CFDA No. or Other Identifying No | Loans Made or Disbursed | Loans Received | Outstanding Loan Balance | Principal and Interest Cancelled |
|---|---|--|---------------------------|-------------------------------------|---|
| Baton Rouge Campus: | | | | | |
| U S Department of Education - Federal Direct Student Loan | 84 268 | <u>\$ 73,493,661</u> | <u>\$ 73,493,661</u> | N/A | N/A |
| New Orleans Campus: | | | | | |
| U S Department of Education - Federal Direct Student Loan | 84 268 | <u>\$ 25,158,429</u> | <u>\$ 25,158,429</u> | N/A | N/A |
| Shreveport Campus: | | | | | |
| U S Department of Education - Federal Perkins Loan | 84 038 | N/A | N/A | <u>\$ 330,661</u> | None |
| U S Department of Education - Federal Direct Student Loan | 84 268 | <u>\$ 9,670,154</u> | <u>\$ 9,670,154</u> | N/A | N/A |
| Law Center: | | | | | |
| None | | | | | |
| Agricultural Research and Extension Center. | | | | | |
| None | | | | | |

See independent auditors' report

**SOUTHERN UNIVERSITY SYSTEM
SCHEDULE OF FIXED-PRICE CONTRACTS
FOR THE YEAR ENDED JUNE 30, 2012**

| Source (Direct or Pass-Through) Cluster Name (if applicable) & Federal Grantor | Pass-Through Entity | Program Name | CFDA or Other Identifying No | Project Name | Award ID Number | Revenues |
|--|---------------------------|---|------------------------------------|---|-------------------------------------|----------------------------|
| Baton Rouge Campus | | | | | | |
| <u>Direct Awards</u> | | | | | | |
| U S Department of Defense | N/A | Planning Assistance to State | 12 110 | ADR Dampier Site | TASKOR6 | \$ 166 379 |
| U S Department of Defense | N/A | Basic and Applied Scientific Research | 12 431 | Nanocomposite Cataly | W911NF0810415 | 40,661 |
| <u>Awards from a Pass-Through Entity</u> | | | | | | |
| U S Department of Defense | Tetra Tech EC, Inc | Basic and Applied Scientific Research | 12 300 | Environmental Analytical Laboratory | 1020877 | 42 790 |
| U S Department of Defense | Tetra Tech EC, Inc | Basic, Applied, and Advanced Research in Science And Engineering | 12 630 | Tetra Tech Inc | 1036773 | 24,561 |
| U S Department of Defense | CH2M Hill Inc | Basic, Applied, and Advanced Research In Science And Engineering | 12 630 | Yorktown CTO 148 Background | P0935105 | 1 965 |
| U S Department of Defense | Tetra Tech EC Inc | Basic, Applied, and Advanced Research In Science And Engineering | 12 630 | Tetra Tech NUS, Inc Minority Serving | 1055912 | 4,695 |
| U S Department of Defense | CH2M Hill Inc | Basic, Applied, and Advanced Research In Science And Engineering | 12 630 | Institutions HIV/AIDS D I C B P | SUBCONTRACT#2 7309* | 73,120 |
| | | | 12 800 | Electromagnetic Wave | FA95500910367 | 89,521 |
| NASA | Jacobs Technology Inc | Science | 43 001 | NASA/Jacobs Technology Michoud Assembly Facility Manufacturing Support | HBCU-BOA-00 TASK ORDER 001MAF | 132 298 |
| NASA | Jacobs Technology Inc | Science | 43 001 | Jacobs Technology | HBC-BOA-00 TASK ORDER 13 | 291,944 |
| NASA | Jacobs Technology Inc | Science | 43 001 | Jacobs Technology | HBC-BOA-00 TASK ORDER 14 | 43 113 |
| NASA | Jacobs Technology Inc | Science | 43 001 | Jacobs Technology | HBC-BOA-00 TASK ORDER 12 | 133,223 |
| NASA | United Negro College Fund | Aeronautics | 43 002 | LONI | NNA06CB14H | 37,430 |
| Total | | | | | | <u>\$ 1,081,700</u> |

See independent auditors' report

**SOUTHERN UNIVERSITY SYSTEM
SCHEDULE OF FIXED-PRICE CONTRACTS
FOR THE YEAR ENDED JUNE 30, 2012**

New Orleans Campus
None

Shreveport Campus
None

Law Center
None

Agricultural Research and Extension Center
None

See independent auditors' report

**SOUTHERN UNIVERSITY SYSTEM
SCHEDULE OF NON-STATE SUB-RECIPIENTS OF MAJOR FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2012**

| Federal Grantor | CFDA or Other Identifying No | Award ID Number | Major Program Name and Cluster Name, when applicable | Amount of Major Program Funds Disbursed to Non- State Sub-recipient | Name of Non-State Sub-recipient |
|---------------------------|---|----------------------------|---|--|--|
| Baton Rouge Campus | | | | | |
| | | W912P908D0501 | | | Archaeological Research Ctr |
| U S Department of Defense | 12 110 | TASKOR6 | Planning Assistance to States | \$ 63,249 | of St Louis, Inc |
| U S Department of Defense | 12 300 | I020877 | Basic and Applied Scientific Research | 42,790 | Testamerica |
| U S Department of Defense | 12 300 | I036773 TASK 9 | Basic and Applied Scientific Research | 2,227 | Testamerica |
| | | BOA-1080267 JOB- | | | |
| U S Department of Defense | 12 300 | I12G01573 | Basic and Applied Scientific Research | 28,501 | Gel Laboratories, Inc |
| | | BOA-1080267 JOB- | | | |
| U S Department of Defense | 12 300 | I12G03672 | Basic and Applied Scientific Research | 15,304 | Gel Laboratories, Inc |
| | | N62473-10-D-0809- | | | |
| U S Department of Defense | 12 300 | CTO#10 | Basic and Applied Scientific Research | 40,811 | Testamerica |
| | | | Basic, Applied, and Advanced Research in | | |
| U S Department of Defense | 12 630 | I036773 TASK 4 | Science and Engineering | 480 | Testamerica |
| | | | Basic, Applied, and Advanced Research in | | |
| U S Department of Defense | 12 630 | I036773 | Science and Engineering | 24,561 | Testamerica |
| | | | Basic, Applied, and Advanced Research in | | |
| U S Department of Defense | 12 630 | P0935105 | Science and Engineering | 1,965 | Testamerica |
| | | | Basic, Applied, and Advanced Research in | | |
| U S Department of Defense | 12 630 | PO 932055 | Science and Engineering | 6,661 | Testamerica |
| | | | Basic, Applied, and Advanced Research in | | |
| U S Department of Defense | 12 630 | 1,055,912 000 | Science and Engineering | 4,695 | Gel Laboratories, Inc |
| | | | Basic, Applied, and Advanced Research in | | |
| U S Department of Defense | 12 630 | N/A | Science and Engineering | 2,036 | Testamerica |
| | | | Basic, Applied, and Advanced Research in | | |
| U S Department of Defense | 13 630 | PO 939360,CTO-0023 | Science and Engineering | 59,282 | Testamerica |
| U S Department of Defense | 12 901 | N/A | Mathematical Sciences Grants Program | 1,327 | Testamerica |
| U S Department of Defense | 12 unknown | P0#590813 | N/A | 6,640 | Testamerica |
| U S Department of Defense | 12 unknown | P0#590813 | N/A | 945 | Accutest Laboratories |

(Continued)

See independent auditors' report

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS
SCHEDULE OF NON-STATE SUB-RECIPIENTS OF MAJOR FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2011**

| Federal Grantor | CFDA or Other Identifying No | Award ID Number | Major Program Name and Cluster Name, when applicable | Amount of Major Program Funds Disbursed to Non- State Sub-recipient | Name of Non-State Sub-recipient |
|--|---|----------------------------|---|--|--|
| Environmental Protection Agency | 66 unknown | 10-B127-490000 | N/A | 23,091 | Testamerica |
| Nuclear Regulatory Commission | 77 007 | NRC-38-10-987 | U S Nuclear Regulatory Commission Minority Serving Institutions Program (MSIP) | 4,826 | Missouri University |
| Nuclear Regulatory Commission | 77 007 | NRC-38-10-987 | U S Nuclear Regulatory Commission Minority Serving Institutions Program (MSIP) | 27,243 | University of Tennessee |
| National Science Foundation | 47 041 | PHY-0355471 | Engineering Grants | 46,021 | University of Wyoming |
| Total | | | | \$ 402,655 | |
| (Concluded) | | | | | |
| New Orleans Campus | | | | | |
| None | | | | | |
| Shreveport Campus | | | | | |
| None | | | | | |
| Law Center | | | | | |
| None | | | | | |
| Agricultural Research and Extension Center. | | | | | |
| U S Department of Agriculture | 10 216 | 2008-38820-04791 | Enhancing the Teaching Capacity | 3,284 | Texas Agrilife |
| U S Department of Agriculture | 10 216 | 2008-38814-04772 | Adaptability, Flavonoid Properties | 33,156 | Rutgers State University |
| U S Department of Agriculture | 10 216 | 2008-38814-04772 | Adaptability, Flavonoid Properties | 36,175 | West Virginia State |
| U S Department of Agriculture | 10 310 | 2010-85212-20578 | Reduction of Escherichia | 271,807 | Texas Agrilife |
| U S Department of Agriculture | 10 500 | 2010-48869-20781 | Cooperative Extension Service | 15,206 | Mississippi State |
| U S Department of Agriculture | 10 500 | 2010-48869-20781 | Cooperative Extension Service | 24,093 | Alcorn University |
| U S Department of Agriculture | 93 558 | 2010-38821-21523 | Preparing Families for Health & Wealth | 20,965 | Alcorn University |
| Total | | | | \$ 404,686 | |

See independent auditors' report

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OTHER INDEPENDENT AUDITORS' REPORTS



Certified Public Accountants & Consultants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SCHEDULES OF
EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors of
Southern University System
Baton Rouge, Louisiana

We have audited the Schedules of Expenditures of Federal Awards of Southern University System as of and for the year ended June 30, 2012, and have issued our report thereon dated December 7, 2012. The component unit financial statements were audited by the State of Louisiana's Legislative Auditor whose report has not been issued as of our report issuance date. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Southern University System is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Southern University System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Schedule of Expenditures of Federal Awards, but not for the purpose of expressing an opinion on the effectiveness of Southern University System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Southern University System's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Southern University System's Schedules of Expenditures of Federal Awards will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

4330 Dumaine Street
New Orleans, LA 70119
(504) 833-2436 (O) • (504) 484-0807 (F)

200-B Greenleaves Blvd
Mandeville, LA 70448
(985) 626-8299 (O) • (985) 626-9767 (F)

900 Village Lane
P O Box 50, Pass Christian, MS 39571
(985) 626-8299 (O) • (985) 626-9767 (F)

Limited Liability Company
www.silva-cpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southern University System's Schedules of Expenditures of Federal Awards are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Southern University System in a separate letter dated December 7, 2012.

This report is intended for the information and use of the Board of Supervisors, management, federal awarding agencies, pass-through entities, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silva Gurtner & Abney, LLC

December 7, 2012



Certified Public Accountants & Consultants

**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OFFICE OF MANAGEMENT
AND BUDGET (OMB) CIRCULAR A-133**

To the Board of Supervisors of
Southern University System
Baton Rouge, Louisiana

Compliance

We have audited the compliance of Southern University System with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Southern University System's major federal programs for the year ended June 30, 2012. The component unit financial statements were audited by the Louisiana Legislative Auditor whose report has not been issued as of our report issuance date. Southern University System's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Southern University System's management. Our responsibility is to express an opinion on Southern University System's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southern University System's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Southern University System's compliance with those requirements.

In our opinion, Southern University System complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

4330 Dumaine Street
New Orleans, LA 70119
(504) 833-2436 (O) • (504) 484-0807 (F)

200-B Greenleaves Blvd
Mandeville, LA 70448
(985) 626-8299 (O) • (985) 626-9767 (F)

900 Village Lane
P.O. Box 50, Pass Christian, MS 39571
(985) 626-8299 (O) • (985) 626-9767 (F)

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Internal Control over Compliance

The management of Southern University System is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Southern University System's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Southern University System's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the Board of Supervisors, management, federal awarding agencies, pass-through entities, and the Louisiana Legislative Auditor entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Silva Gurtner & Abney, LLC

December 7, 2012

**SOUTHERN UNIVERSITY SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditors' Results

Financial Statements

| | | |
|---|--------------------------------------|--|
| Type of auditors' report issued on the Schedules of Expenditures of Federal Awards | <u>Unqualified</u> | |
| Internal control over financial reporting | | |
| Material weaknesses identified? | _____ yes <u> X </u> no | |
| Significant deficiencies identified not considered to be material weaknesses? | _____ yes <u> X </u> none reported | |
| Noncompliance material to financial statements noted | _____ yes <u> X </u> no | |

Federal Awards

| | | |
|---|--------------------------------------|--|
| Internal control over major programs | | |
| Material weaknesses identified? | _____ yes <u> X </u> no | |
| Significant deficiencies identified not considered to be material weaknesses? | _____ yes <u> X </u> none reported | |
| Type of auditors' report issued on compliance for major programs | <u>Unqualified</u> | |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510 (a)? | _____ yes <u> X </u> no | |

Identification of major programs

| | |
|-----------------------|---|
| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
| Various | Research and Development Cluster |
| 84 various/93 various | Student Financial Assistance Cluster |

Dollar threshold used to distinguish between Type A and Type B programs

| | |
|----------------|---------------|
| <u>Program</u> | <u>Amount</u> |
| Type A | \$ 1,172,930 |

| | |
|--------------------------------------|------------|
| Auditee qualified as low-risk audit? | <u>Yes</u> |
|--------------------------------------|------------|

See independent auditors' report

**SOUTHERN UNIVERSITY SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section II – Financial Statement Findings and Questioned Costs

None noted

Section III – Federal Award Findings and Questioned Costs

None noted

**THE SOUTHERN UNIVERSITY SYSTEM
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

2011-1 – Return of Title IV Funds (New Orleans Campus)

\$3,330 questioned costs

CFDA Title and Number

84 268 – Federal Direct Student Loans

Federal Agencies

U S Department of Education

Pass-Through Entity

None

Corrective Action Plan: Management should immediately make the necessary steps to return the funds to the Department of Education and implement procedures to ensure compliance within the prescribed time frames

Current Status: Resolved

2010-3 – Return of Title IV Funds (New Orleans Campus)

No questioned costs

CFDA Title and Number

84 063 – Federal Pell Grant Program

84 032 – Federal Family Education Loans (FFEL)

Federal Agencies

U S Department of Education

Pass-Through Entity

None

Corrective Action Plan: Management should immediately make the necessary steps to return the funds to the Department of Education and implement procedures to ensure compliance within the prescribed time frames

Current Status: Resolved

2009-8 – Return of Title IV Funds (New Orleans Campus)

No questioned costs

CFDA Title and Number

84 063 – Federal Pell Grant Program

Federal Agencies

U S Department of Education

Pass-Through Entity

None

Corrective Action Plan: Management should immediately make the necessary steps to prepare the Return of Title IV Funds calculation, and return the funds to the Department of Education

Current Status: Resolved

Silva Gurtner & Abney

Certified Public Accountants & Consultants

December 7, 2012

To the Board of Supervisors of
Southern University System

In planning and performing our audit of the schedule of expenditures of federal awards of Southern University System (the University) for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of U S Office of Management and Budget (OMB), we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting. However, in connection with our audit, we identified and included in the attached Exhibit deficiencies related to the University's internal control over financial reporting and other matters as of June 30, 2012, that we wish to bring to your attention.

The definition of deficiency is also set forth in the attached Exhibit.

Although we have included management's written response to our comments in the attached exhibit, such responses have not been subjected to auditing procedures applied in our audit and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses or the effectiveness of any corrective actions described therein.

This report is intended solely for the information and use of management, the board of directors, the Louisiana Legislative Auditor's Office and others within the University and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Silva Gurtner & Abney, LLC

December 7, 2012

4330 Dumaine Street
New Orleans, LA 70119
(504) 833-2436 (O) • (504) 484-0807 (F)

200-B Greenleaves Blvd
Mandeville, LA 70448
(985) 626-8299 (O) • (985) 626-9767 (F)

900 Village Lane
P O Box 50, Pass Christian, MS 39571
(985) 626-8299 (O) • (985) 626-9767 (F)

Limited Liability Company
www.silva-cpa.com

I Preparation of Schedules Required by OSRAP

Criteria: The auditor is required by U S Office of Management and Budget (OMB) Circular A-133 to determine and provide an opinion on whether the Schedule of Expenditures of Federal Awards (SEFA) is presented fairly in all material respects in relation to the auditee's financial statements taken as a whole. Further, the information in the SEFA serves as the primary basis for the auditor's major program determination which is a key component of performing a single audit.

Condition: The instructions for the preparation of the Recap, Schedule 8 and Schedule 8-2 are provided by the Office of Statewide Reporting and Accounting Policy (OSRAP) in order to compile the Schedules of Expenditures of Federal Awards for both the University and the State of Louisiana. The Schedule 8 for the Baton Rouge Campus correctly identified the pass-through nature of expenditures but did not further identify those pass-through expenditures related to research and development cluster. Therefore the research and development cluster on the recap schedule was understated. The Schedule 8-2 for the Baton Rouge Campus incorrectly included private loans. Also, the Recap and Schedule 8 for the Agricultural Research and Extension Center incorrectly included grants from other state agencies.

Cause: The internal control over the preparation of the accuracy of the schedules required by OSRAP was ineffective. The schedule preparer(s) improperly classified pass-through research and development cluster expenditures in the Recap and Schedule 8, incorrectly included private loans on the Schedule 8-2, and incorrectly included grants received from other state agencies in the Recap and Schedule 8.

Effect: The Schedules required by OSRAP, which are prepared by the auditee, is an important part of the reporting package required by Circular A-133. The SEFA serves as the primary basis for major program determination therefore making the accuracy and completeness of the SEFA a critical factor in planning and performing the audit.

Recommendation: Management should implement the instructions from OSRAP in preparation and review procedures to ensure compliance.

Management's response and corrective action plan: Baton Rouge – The University reported these awards as pass-through awards, identified the pass-through entity, but did not note that the award was research and development. Management will continue to ensure that future Schedules of Expenditures of Federal Awards comply with OSRAP reporting instructions. Agricultural Research and Extension Center – The University is developing near and long term corrective procedures to improve and ensure accurate reporting of grants from other agencies.

II Return of Title IV Funds

Criteria OMB Circular A-133 Compliance Supplement, Part 5 Section (N)(4) specifies when a student receives Title IV assistance and withdraws from an institution, the institution must determine the amount of Title IV aid earned by the student as of the withdrawal date. The difference between any amounts earned that is less than the amount disbursed must be returned to the Title IV program within the prescribed time frame.

Condition

Current year

a) Three (3) students out of ten (10) tested whose funds were required to be returned by the University were returned but not within the prescribed forty-five (45) days.

2011 – 1

a) Four (4) students of ten (10) tested whose funds were required to be returned by the University within the prescribed 45 days were not returned.

b) Two (2) students of ten (10) tested whose funds were required to be returned by the University were returned but not within the prescribed 45 day time frame.

c) One (1) student of ten (10) whose funds were required to be returned were incorrectly calculated and returned the incorrect amount.

2010 – 3

a) Five (5) students of ten (10) tested whose funds were required to be returned by the University within the prescribed 45 days were not returned.

b) Five (5) students of ten (10) tested whose calculation was prepared after 30 days after the end of the earlier of the period of enrollment or academic year.

2009 – 8

a) Two (2) students of twenty (20) tested whose funds were required to be returned by the University were returned but not within the prescribed 45 day time frame.

b) One (1) student of twenty (20) tested whose calculation was done incorrectly. This resulted in the University returning less funds than were required. The University under-returned \$12.

c) Two (2) students out of twenty (20) tested who had a post-withdrawal disbursement and the required amount to be returned to the students was not documented as returned to the student. The amount to be returned was \$1,087.

Cause: The University failed to adhere to established procedures in processing certain refunds.

Effect: The University has not complied with Title IV regulations that specify if a student withdraws from school, a refund must be remitted to the Title IV program in accordance with prescribed time frames.

Recommendation Management should implement procedures to ensure compliance within the prescribed time frames.

Management's corrective action plan: To ensure future compliance with OMB Circular A-133, the initial steps have been taken with the implementation of the Banner Student and Banner Financial Aid modules. This provides the venue for a greater use of available technology and minimizes the amount of manual intervention in this process. Management will, as suggested, review Title IV Funds to ensure that de-obligations are initiated timely.

III Definition

The definition of a deficiency that is established in AU 325, *Communicating Internal Control Related Matters Identified in an Audit*, is as follows

A *deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in *design* exists when a control necessary to meet the control objective is missing, or an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed, or the person performing the control does not possess the necessary authority of competence to perform the control effectively.



Office of the Chancellor
P O Box 9374
[225] 771-5020
FAX [225] 771-2018

January 24, 2013

Ms. Kathleen Zuniga, CPA
Silva Gurtner & Abney
Certified Public Accountants & Consultants, LLC
200-B Greenleaves Blvd.
Mandeville, LA 70448

RE: 2012-1: Preparation of Schedules Required by OSRAP

Dear Ms. Zuniga:

Submitted herewith is the University's response to audit finding **2012-1; Preparation of Schedules Required by OSRAP.**

The management of Southern University A & M makes every effort to ensure that the University has met the minimum reporting requirements related to pass-through expenditures and federal loans as required by the U.S. Office of Management and Budget (OMB) Circular A-133.

The University reported these awards as pass-through awards, identified the pass-through entity, but did not note that the award was research and development. Management will implement corrective actions to ensure that future Schedules of Expenditures of Federal Awards complies with OSRAP reporting instructions and that only federal loans are reported on Schedule 8-2 as required by OMB Circular A-133.

The point of contact for this corrective action is Mr. Mark Trepagnier, Comptroller. The Associate Vice Chancellor for Fiscal Operation's Office will provide administrative oversight for implementation of the corrective actions

Please contact Flandus McClinton, Vice Chancellor for Finance and Administration at (225) 771-5021, if you have questions or need further assistance regarding corrective actions related to this finding.

Sincerely,

James L. Llorens
Chancellor



"Linking Citizens of Louisiana with Opportunities for Success"

Southern University and A & M College System
AGRICULTURAL RESEARCH AND EXTENSION CENTER

Ashford O. Williams Hall
P. O. Box 10010
Baton Rouge, LA 70813
(225) 771-2242
(225) 771-2861 Fax
www.suagcenter.com

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January 28, 2013

To: Ms. Kathleen Zuniga, CPA
Silva Gurtner & Abney
Certified Public Accountants & Consultants, LLC
200-B Greenleaves Blvd
Mandeville, LA 70448

REL 2012-1: Preparation of Schedules Required by OSRAP

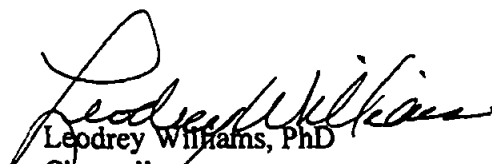
Dear Ms. Zuniga

This letter is in response to the audit finding for the preparation of schedules required by OSRAP. During the exit conference with Silva Gurtner & Abney, it was determined that the Southern University Ag Center had incorrectly included grants from other state agencies of approximately \$600,000.

The SU Ag center has remedied the concern by following the suggestion from Auditors. Also we have developed near and long term corrective procedures to improve and ensure accurate reporting of grants from other agencies.

If you need additional information regarding this response, please contact Linda Batiste, Director of Finance at 225-771-5707. Thank you for the opportunity to respond to this audit report.

Sincerely,


Leodrey Williams, PhD
Chancellor
Southern University Agriculture Center